

BOARD OF FINANCE

29 October, 2012

BURLINGTON TELECOM INSTALLATION VEHICLES

BT employs a team of 3 installers and a supervisor. Installers work on jobs individually and as a team regularly complete 40 installs/at premise call outs a week, using three vehicles; two bucket trucks and a pick-up. All are maintained regularly by DPW, but have been heavily used, are aged and have been repaired a number of times.

In early October DPW advised that BT's pick-up truck was not capable of passing its annual inspection, had reached the end of its life and would need to be taken out of service and replaced.

BT has for some time now needed a third bucket truck, to enable each installer to operate efficiently, and since being advised by DPW, has looked to secure a bucket truck to replace its pick-up. After looking at the used bucket truck market and availability, it has concluded that most of these vehicles are larger and more heavy duty than it needs for BT, and also more expensive, and that its best route is to purchase a new bucket truck and to finance that purchase.

The cost of a new truck will be \$57,399, and BT proposes to provide a down payment of \$20,399 and finance \$37,000, to preserve short term cash. The down payment is accommodated in BT's approved FY 2013 budget.

The proposed financing is for a 60 month term at \$753.10/month, with a \$1 buyout at the end of the term. Total payments would be \$45,187 at an equivalent interest rate of 7.1%. BT applied to another funding sources, and was declined.

I recommend approval of this proposal to enable BT to continue to operate effectively at a time of increasing customer demand.

Sincerely,

Stephen Barraclough
Dorman and Fawcett

Interim General Manager
Burlington Telecom